[This Document is the Property of His Britannic Majesty's Government.]

Printed for the use of the Foreign Office. *May* 1905.

CONFIDENTIAL.

(8428.)

FO 424 / 207

F.O. 424 FURTHER CORRESPONDENCE

RESPECTING THE

REVISION OF THE COMMERCIAL TREATIES

BETWEEN

GREAT BRITAIN AND TURKEY.

[In continuation of Confidential Paper No. 8425.]

207

1903–4.

TABLE OF CONTENTS.

No.	Name.	No.	Date.	Subject.	Page
1	India Office ..	..	Jan. 21, 1903	Points on which the Government of India desire some modification of the draft Turkish Customs Tariff and the draft Commercial Treaty	1
2	Memorandum ..	..	Apr. 29,	Proposed increase in the Turkish Customs Tariff and negotiations for a new Treaty of Commerce	3
3	Sir N. O'Conor ..	83	Aug. 26, 1904	Transmits note from the Sublime Porte proposing the resumption of negotiations	6
4	Memorandum by Sir E. Barrington	..	Sept. 19.	The Turkish Ambassador has called at the Foreign Office to press for a resumption of commercial negotiations ..	7
5	Board of Trade ..	..	22,	They see no reason for departing from the attitude taken up by His Majesty's Government, that the redress of existing grievances is an indispensable preliminary to the resumption of Treaty negotiations	8
6	Memorandum by Mr. Law	..	26,	Considerations with regard to the resumption of commercial negotiations	8
7	To Sir N. O'Conor ..	73 A	28,	Conversation with the Turkish Ambassador as to the resumption of commercial negotiations	9
8	To Musurus Pasha .	..	Oct. 4,	Grounds of complaint on the part of British commerce against the Ottoman Administration. His Majesty's Government expect these complaints to be dealt with to their satisfaction before recommencing negotiations for a Commercial Treaty	9

Printed for the use of the Foreign Office. May 1905.

CONFIDENTIAL.

Further Correspondence respecting the Revision of the Commercial Treaties between Great Britain and Turkey.

[In continuation of Confidential Paper No. 8425.]

No. 1.

India Office to Foreign Office.—(Received January* 21.)

India Office, January 21, 1903.

Sir,

I AM directed by the Secretary of State for India in Council to forward, for submission to the Marquess of Lansdowne, extract and copy of communications from the Government of India regarding certain points in which they desire some modification of the draft Turkish Customs Tariff and draft Commercial Treaty received with your letters of the 20th June and the 29th July, 1902; and in which they also request that, pending their further examination of the draft Treaty, no action may be taken under Article XXVII for notifying its application to India.

With reference to paragraph 4 of the Government of India's letter of the 11th December, 1902, I am to point out that, whereas the proposed rates of duty on Indian indigo are 200 and 207 piastres for 100 kilog., synthetic indigo will apparently be classed under heading No. 5 of Group 18 of the Tariff, and will be taxed at only 40 piastres per 100 kilog. It does not appear what proportion the latter duty bears to the value of the substances classed as No. 5 of Group 18.

I am, &c.

(Signed) A. GODLEY.

Inclosure 1 in No. 1.

Extract Paragraphs from Government of India Letter, Finance and Commerce Department, September 18, 1902.

6. While this despatch was being prepared we received with a letter from the Secretary, Revenue and Statistics Department, India Office, dated the 31st July, 1902, an amended draft of the proposed Treaty. We have not yet examined its provisions in detail, and pending such full examination we think it advisable that no action should be taken under Article XXVII of the draft Treaty in the way of notifying its application to India.

7. Meanwhile we observe that by virtue of Article XXVIII of the draft the import Tariff will form an integral part of the Treaty, and will continue in operation for twenty-one years. It is therefore essential that the Tariff should be based on a very moderate estimate of the course of prices. With a Tariff to remain in force for so long a period, the heavy incidence of the proposed rates on some goods, to which we have drawn attention, might become still more oppressive.

* Copy to Constantinople, No. 14, Commercial, January 28, 1903.

8. A further point has now been brought to our notice in which the interests of India appear to have been overlooked. Under Article XXI (Chapter III) of the draft Treaty the importation of saltpetre, refined or crude, is prohibited; but in the "Protocole Final" it is explained that the prohibition to import explosives, or materials for explosives, will not be applied *inter alia* to nitrate of soda. The effect of these provisions will apparently be to exclude Indian saltpetre from Turkey, although the manufacture of gunpowder is one of its least important uses, while the other nitrates which compete with it will be admitted.

Inclosure 2 in No. 1.

Government of India to Lord G. Hamilton.

My Lord, *Calcutta, December* 11, 1902.

WE have the honour to refer to the correspondence ending with your Lordship's telegram of the 11th October last regarding the proposed alterations in the Turkish Customs Tariff. Your Lordship has pointed out that the statement appended to our despatch, dated the 18th September, 1902, was drawn up on the incorrect assumption that the red ink entries in the copy of the Tariff sent to us represented additional and not alternative duties. We now forward a revised and corrected statement with the following observations.

2. The calculations of the incidence of the duties given in our former statement were based on the prices prevailing at Calcutta or Bombay in the revised statement we have substituted for these prices the declared export value of the exports from India, which we consider to be a better criterion. For the purpose of calculating the weight of gunny bags, our most important export to Turkey, we have taken thirty-five bags as equivalent to one maund, which is the ratio adopted in our accounts of rail-borne trade. For grey cotton piece-goods we have taken 4½ yards to the pound, since this is the average weight of the varieties of these goods which are most commonly manufactured in India for export.

3. Even on the revised figures the incidence of the duties on tea and coffee is still very high, and we hope that a reduction may be found possible. We think that a moderate rate on tea at least might well be conceded by Turkey, as the revenue to be derived from the taxation of that article is not important. We should also be glad to see a reduction in the duty on jute, gunny bags and cloth, cotton cloth, and pepper, which last is also an important article of export to Turkey.

4. In our previous despatch we drew attention to the unequal treatment of natural and synthetic indigo, and we hope that this point may be strongly represented to the Turkish Government. We cannot believe that it will be any advantage to Turkey to encourage the importation of the chemical product, while, in the present depressed state of the Indian industry, the exclusion of our dye from the Turkish market will be a serious blow.

We have, &c.
(Signed) CURZON.
T. RALEIGH.
E. FG. LAW.
E. R. ELLES.
A. T. ARUNDEL.
DENZIL IBBETSON.

Inclosure 3 in No. 1.

TABLE of Turkish Rates of Duty as proposed, and their Incidence on the principal Articles of Indian Merchandize exported to Turkish Ports.

Article.	Rate of Duty in Piastres per 100 kilog.	Rate of Duty in Rupees per cwt.	Declared Value of the Export Trade of India for 1901–02.	Incidence of Turkish Rate on Prices in preceding column.	Remarks.
	Pias. c.	Rs. a. p.	Rs. a. p.		
Wheat	6 30	0 6 11	5 4 8 per cwt.	8·2	Export to Asiatic Turkey.
			4 7 2 „	9·7	Total export.
Juwar	4 25	0 4 8	2 11 8 „	10·7	Export to Asiatic Turkey.
			3 2 6 „	9·2	Total export.
Sesamum	14 00	0 15 4	8 12 2 „	10·9	Ditto.
Rice	6 00	0 6 7	5 8 0 „	7·5	Export to Asiatic Turkey.
			6 3 1 „	7·7	Ditto.
Pulse	7 00	0 7 8	4 5 10 „	11·0	Total export.
			6 12 10 „	11·6	Export to Asiatic Turkey.
Wheat flour ..	11 50	0 12 7	7 0 3 „	11·2	Total export.
Pepper	61 00	4 2 11	0 5 6 per lb.	10·9	Export to Asiatic Turkey.
Coffee	110 00	7 8 8	35 11 7 per cwt.	21·1	Ditto.
			49 0 3 „	15·4	Total export.
Tea	130 00	8 14 8	0 6 2 per lb.	20·7	Export to Asiatic Turkey.
			0 5 6 „	23·2	Export to European Turkey.
Linseed	8 00	0 8 9	9 3 8 per cwt.	5·9	Total export.
Rapeseed	8 00	0 8 9	6 6 11 „	8·5	Ditto.
Indigo—					
Bengal	290 00	19 14 3	255 3 7 „	7·8	Export to Asiatic Turkey.
Other kinds ..	207 00	14 3 2	198 12 11 „	7·1	Ditto.
Hides, raw ..	40 00	2 11 11	37 8 1 „	7·3	Ditto.
Cotton—					
Raw	40 00	2 11 11	26 10 8 „	10·3	Ditto.
			25 4 11 „	10·8	Total export.
Yarn, grey, single	49 00	3 5 9	0 5 8 per lb.	8·5	Export to Asiatic Turkey.
„ „ double	54 00	3 11 3		9·3	
Piece goods, grey	104 00	7 2 1	0 2 3 per yard	10·1	Ditto.
Jute—					
Raw	20 00	1 5 11	7 15 11 per cwt.	17·1	Ditto.
			0 4 5 per bag	8·5	Export to Asiatic Turkey.
Gunny bags and cloth	16 00	1 1 7	0 4 1 „	9·0	Export to European Turkey.
			0 1 5 per yard	13·0	Export to Asiatic Turkey.
Silk, raw	1,200 00	82 4 9	4 2 1 per lb	17·8	Ditto
			3 6 10 „	21·4	Total export.
Wool—					
Raw	36 00	2 7 6	0 6 6 „	5·4	Ditto.
Goods, carpets ..	450 00	30 15 9	1 9 6 „	17·3	Ditto.

No. 2.

Proposed Increase in Turkish Customs Tariff, and Negotiations for a new Treaty of Commerce.

PROPOSED INCREASE IN THE TURKISH CUSTOMS TARIFF.

ON the 8th March, 1900, Sir N. O'Conor, Her Majesty's Ambassador at Constantinople, reported that it was rumoured that the Ottoman Government proposed, pending the conclusion of new Commercial Treaties, to raise the Turkish *ad valorem* Sir N. O'Conor, No. 27, Commercial, March 8, 1900.

duties from 8 to 11 per cent., and that an Imperial Iradé had been issued sanctioning this increase.

Sir N. O'Conor, No. 28, Commercial, March 11, 1900.

On the 11th March the Ambassadors of the six Powers in Constantinople presented a Declaration to the Porte protesting against such increase, which they stated could not be effected by the unilateral action of the Porte without a previous understanding with all the Governments concerned.

Sir N. O'Conor, No. 35, Commercial, March 26, 1900.

To this Declaration the Turkish Minister for Foreign Affairs replied that no such measure would be put into force without such previous understanding; but, nevertheless, on the 22nd March the Porte addressed an identic note to the Ambassadors, in which it was declared in plain terms that it had been decided to apply the increased *ad valorem* Tariff from the 1st May, 1900, and the new* Conventional Specific Tariff from the 1st March, 1901. The consent of the Powers was not asked for.

Sir N. O'Conor, No. 63, Commercial, April 30, 1900.

Fresh representations were made by the Ambassadors of the Great Powers, and it was not until the 29th April that the Porte finally addressed a note to the Ambassadors, asking them "to do what was necessary to bring about the desired understanding with a view to the early application of the increased duty."

Sir N. O'Conor, No. 64, Commercial, May 2, 1900.

The Ambassadors met on the 2nd May to consider the Turkish proposals, and they agreed to refer to their respective Governments a Resolution consenting to the increase in the import duties subject to an agreement being arrived at on the following points:—

1. Admission of articles neither expressly prohibited nor restricted by Treaty.
2. Re-exportation and non-confiscation of such restricted or prohibited articles.
3. Re-exportation and non-confiscation of—
(*a.*) Chemical preparations and specialities:
(*b.*) Eatables and drinkables:
(*c.*) Soaps and toys, under certain conditions, when alleged to be deleterious to health.
4. Reduction of "ardie," or storage duties.

To Sir N. O'Conor, No. 9, Commercial, Telegraphic, May 9, 1900.

Sir N. O'Conor referred the above proposals to His Majesty's Government, and, in reply, Lord Salisbury inquired whether some categorical assurance could not be obtained from the Porte as to Red Sea lights and the reduction of sanitary dues in return for the consent of His Majesty's Government to the increased duties: but Sir N. O'Conor replied that, in view of the importance of establishing the principle that no customs dues should be levied without the consent of the Powers, the Ambassadors had decided to restrict the subject of their demands to purely custom-house questions.

Sir N. O'Conor, No. 19, Commercial, Telegraphic, May 16, 1900.

This view was finally agreed to by Lord Salisbury, who instructed Sir N. O'Conor, however, that some binding assurance should be obtained that the increased revenue which would accrue to the Turkish Government should not be applied by the Porte to a kilometric guarantee on some fresh Railway Commission, and inquired whether, if this was not possible, he could not obtain from the Porte a promise that the Powers concurring in the fiscal increase should share equally any future grant of kilometric guarantees.

Question of kilometric guarantee.

To Sir N. O'Conor, No. 16, Commercial, Telegraphic, June 6, 1900.

Sir N. O'Conor, No. 90, Commercial, June 14, 1900.

Sir N. O'Conor's reply to these proposals was to the effect that the Public Debt had the first claim on the increased revenue, by the terms of Article 8 of the Decree of Moharrem, that any revenue remaining after the satisfaction of that claim would, no doubt, be available for the payment of railway guarantees, and that it would be difficult to obtain from the Porte an assurance that it would not be so applied. Germany, as Turkey's chief supporter in the demand for a higher Tariff, reckoned on the improved financial condition of Turkey as a means of securing a guarantee for the projected line to Bagdad, and would not be likely to support a demand for a self-denying engagement by the Porte in this respect, and, in the absence of unanimity on the part of the Powers, the Porte would certainly refuse to bind herself.

With regard to the question whether it would be possible to secure from the Porte the equal distribution of any future kilometric guarantees among the Powers agreeing to the increase of the Tariff, Sir N. O'Conor was of opinion that Turkey would not undertake to assign railway guarantees equally among countries very unequally interested in Turkish railways, while, as a matter of fact, there was no British railway in the Ottoman Empire claiming or having a right to such a guarantee.

Sir N. O'Conor, No. 81, Commercial, June 6, 1900.

In the meantime the Ambassadors met again, on the 4th June, to discuss the Turkish proposals. None had received any definite instructions, except the Russian Representative, who announced that his Government would not agree to the raising of

* By the Conventional Tariff the Porte meant the Tariff conditionally signed by Mr. Wrench, July 9, 1885 (see following Memorandum on negotiations for a new Treaty of Commerce), and subsequently modified as a result of negotiations with other Powers.

the *ad valorem* duties (apparently on account of their effect on corn and petroleum), though they were not opposed to taking into consideration the question of an increase of the customs duties on the basis of the Specific Tariff long since negotiated with Turkey.

In the opinion of the meeting this Russian declaration was fatal to the acceptance by the other Powers of the Turkish proposals.

Sir N. O'Conor consequently asked for definite instructions from His Majesty's Government.

To Sir N. O'Conor, No. 87, Commercial July. 23, 1900

He was informed that His Majesty's Government were prepared to accept the Turkish proposals on the following conditions:—

1. Acceptance by other Powers of increased duties.
2. Sufficient notice being given to traders before the Tariff came into force.
3. Receipt of satisfactory assurances as to Red Sea lights and dues.
4. Reforms in certain matters connected with Ottoman Customs.
5. Understanding being arrived at on four points previously enumerated in collective Resolution of Ambassadors of the 1st May.
6. Revision of rates of sanitary dues.
7. Special treatment of Cyprus.

Sir N. O'Conor, No. 122, Commercial, August 6, 1900.

Sir N. O'Conor replied that as negotiations had collapsed owing to the attitude of Russia, and as the question of the proposed increase in the Tariff was now only a matter of academic interest, he did not think any further communication with the Turkish Government would serve any useful purpose. He had accordingly verbally informed the Turkish Minister for Foreign Affairs that His Majesty's Government had no objection in principle to the proposed increase, provided certain reasonable demands were complied with; but that in view of the action of Russia, he did not propose to pursue the matter further.

Sir N. O'Conor's attitude was approved.

The position, then, in which these abortive negotiations have left the question is as follows:—

The Porte has not expressly admitted the right of the Powers to object to the increased duties, but the Powers themselves are all committed to this view.

Tacitly, Turkey has gone some way towards accepting it. We have entered into no engagement to assent to any increase, though we have intimated that we had no objection to it in principle, and upon reasonable terms.

So much for the conditions under which the duties may be increased. The appropriation of the increase is governed by Article 8 of the Decree of Moharrem, under which any increase would go to augment the amount available for the service of the debt, and for any alteration of this provision the consent of the bondholders would be requisite. In consequence of the growing normal yield of the customs, this body are claiming, under the Decree, to distribute an additional ¼ per cent. interest on the debt, and we have heard, confidentially, that the Council of Foreign Bondholders are willing to modify Article 8, and to share with the Turkish Government the yield of an increased rate of duties if this ¼ per cent. interest is allowed. Hitherto the Porte has resisted this condition, and is appealing to arbitration.

Two Arbitrators have been named by each side, and the arbitration is expected to take place in a few days. But, whatever the result, it is doubtful if the veto of the bondholders can be relied on to prevent the appropriation of any part of the yield of the increased duties to the kilometric guarantee of the Bagdad Railway.

It is recognized by the bondholders that if the entire increase in the assigned revenues is to be devoted to augmenting the interest on the debt, the Turkish Government has no direct interest in improving its administration or in promoting the growth of the revenues. On the contrary, its interest lies in the other direction, since any increase of receipts would increase the market value of the bonds, and to some extent retard the amortization of the debt.

Negotiations for a New Treaty of Commerce.

The negotiations for a new Treaty and Tariff to replace the Treaty of Commerce and Navigation of 1861, which were suspended in 1883, have proceeded intermittently ever since.

Under the Treaty of 1861, the import duties were not to exceed 8 per cent.

ad valorem or a specific rate of that amount. At the expiration of that Treaty the Porte collected duties at the rate of 8 per cent.

British and Ottoman Delegates were appointed to draw up a draft of a new Treaty, but the discussions came to a deadlock. A new Specific Tariff ranging from 8 to 20 per cent. *ad valorem* was, however, accepted by Her Majesty's Government in 1885 as an integral part of the Treaty.

In the meantime, Germany had signed a Treaty in 1890 (not to come into force until all the others were concluded), and the French and Ottoman Delegates have agreed on a draft *ad referendum*. The negotiations with Russia have been at a standstill owing to her refusal to consent to increased duties on corn and petroleum, or to the creation of a petroleum monopoly.

In June 1891 Sir W. White presented a note to the Porte, the form of which had already been sanctioned, in which he said he was authorized to state that "it was understood that until the conclusion of the new Treaty, which would also include the new Tariff accepted" in 1885 "with certain modifications," "no change would be made in the working of the system actually in force as regards the subjects, commerce, &c., of the United Kingdom without the consent of Her Majesty's Government, and unless this Tariff and the final modifications introduced into it were applied at the same time to every other nation."

In order to give Turkey evidence of goodwill we expressed our readiness in 1900 to resume negotiations, and for that purpose an amended draft Treaty, based partly on our old draft and partly on the German Treaty and French draft, was drawn up for consideration when the proper time arrived.

The revised draft contains an Article permitting the Porte, during the existence of the new Treaty, to establish the following monopolies in addition to those on salt and tobacco, viz., alcohol, cigarette paper, matches, playing cards, and petroleum, but it also contains a paragraph to the effect that if any other foreign Power should receive from the Porte any compensation for the loss suffered by its trade through the action of the new monopolies, the same principle of compensation should be at once applied to British commerce.

Our intention to resume negotiations was frustrated by the attempt of the Porte to raise the existing *ad valorem* Tariff without our consent, as shown in the other part of this Memorandum. Last year His Majesty's Embassy again consented to continue the Treaty discussions, but the arbitrary conduct of the Porte in sanitary matters, the exclusion of drugs and the denial of most-favoured-nation treatment to the Khedivieh Line of British steamers, obliged us, in August last, once more to postpone the meeting of the British and Ottoman Delegates.

We have announced that our signature must be dependent on a variety of conditions to which the Porte is not likely to agree, and, for this and other reasons, there is little expectation that a Treaty will be concluded.

Foreign Office, April 29, 1903.

No. 3.

*Sir N. O'Conor to the Marquess of Lansdowne.**—(*Received September* 5.)

(No. 83. Commercial.)

My Lord, *Therapia, August* 26, 1904.

I HAVE the honour to transmit to your Lordship herewith copy of a note addressed to me by the Turkish Minister for Foreign Affairs on the 13th instant, proposing the resumption of negotiations for a Commercial Treaty between Great Britain and Turkey.

The note was sent in to me by the Sublime Porte without any previous warning, but in the course of conversation a few days ago Tewfik Pasha alluded to the question, and expressed a hope that His Majesty's Government would be disposed to sanction the resumption of negotiations at an early date.

I replied that I had not as yet communicated his Excellency's note to your Lordship, and that I was not consequently in a position to discuss the question with him before being in possession of the views of His Majesty's Government. I said, however, that, for my own part, I considered the moment to be ill-chosen, since the commercial world is much alarmed and agitated by the provisions of the new Stamp Law, which

* Copy to Board of Trade, September 15, 1904.

would in all probability be accepted by the Powers with certain modifications. I considered that the moment was ill-chosen to open a question entailing a fresh increase of duty on foreign trade, and I thought it would only be likely to provoke opposition to any commercial arrangement of this kind.

I pointed out to his Excellency, however, that the Ottoman Government had done nothing in the course of the last two years to make preparations for putting in motion such an intricate piece of machinery as a Specific Tariff, and I said that I was advised that the adoption of a Specific Tariff would lead to great difficulties, but that probably it would be better to increase the present *ad valorem* duties than to embark upon a system for which the Imperial Government was so ill-prepared.

A note similar to the one inclosed has also been addressed by the Turkish Government to the Austrian, Italian, and Russian Embassies, but I am not yet aware what answers, if any, have been returned.

I have, &c.
(Signed) N. R. O'CONOR.

Inclosure in No. 3.

Tewfik Pasha to Sir N. O'Conor.

M. l'Ambassadeur, *Sublime Porte, le* 13 *Août*, 1904.

VOTRE Excellence se rappelle qu'aux diverses communications du Ministère Impérial tendant à la reprise des négociations relatives au nouveau Traité de Commerce à conclure entre la Sublime Porte et la Grande-Bretagne, l'Ambassade de Sa Majesté Britannique a répondu qu'elle subordonnait cette reprise à la solution préalable de certaines questions pendantes.

Or, la plupart de ces questions ayant successivement reçu leur solution, la Sublime Porte est fondée à espérer que son bon vouloir sera dûment apprécié par le Gouvernement de Sa Majesté Britannique, et qu'il voudra bien abandonner cette voie inextricable consistant à faire dépendre la reprise des négociations du règlement d'affaires d'ordre général ou particulier que leurs multiples rapports créent forcément entre les deux pays.

Je viens donc prier votre Excellence de vouloir bien nous mettre à même de reprendre au plus tôt et de terminer d'un commun accord les négociations du nouveau Traité.

Veuillez, &c.
(Signé) TEWFIK.

No. 4.

Memorandum by Sir E. Barrington.

THE Turkish Ambassador called to-day to say that the Porte had instructed him to press for a resumption of the negotiations for a Commercial Treaty between this country and Turkey. A note had been addressed on this subject on the 13th ultimo to Sir N. O'Conor, and the Turkish Government were most anxious for a satisfactory reply. It could hardly be expected, he said, that these negotiations should be deferred, as had been suggested by the British Ambassador, until every little commercial question had been settled, but a large number had been settled, and his Excellency hoped that the necessary instructions would be sent to Sir N. O'Conor.

I said that Lord Lansdowne would probably wish to discuss the question with Sir N. O'Conor, who was coming here very soon, before any answer could be given to his Excellency.

The Ambassador said he would speak to Lord Lansdowne on his return.

E. B.

September 19, 1904.

No. 5.

Board of Trade to Foreign Office.—(Received September 23.)

Sir, *Board of Trade, September* 22, 1904.

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 15th instant, with inclosure, relative to a proposal on the part of the Sublime Porte for the resumption of commercial negotiations with this country.

In reply, I am to state that the Board see no reason for His Majesty's Government to depart from the attitude which has hitherto been taken up by them with regard to this question, viz., that the redress of existing grievances is an indispensable preliminary to the resumption of Treaty negotiations.

I am, &c.
(Signed) ARTHUR WILSON FOX.

No. 6.

Memorandum by Mr. Law.

[Sir N. O'Conor's despatch No. 83, Commercial, 26th August, and Sir E. Barrington's Memorandum, 19th September.]

I ANNEX a Memorandum printed for the Cabinet in 1903 on the subject of negotiations for a new Commercial Treaty with Turkey, and of the proposed increase of the customs duties from 8 to 11 per cent.

The Porte now propose resumption of the Treaty negotiations, but Sir N. O'Conor considers the moment "ill-chosen to open a question entailing a fresh increase of duty on foreign trade." He pointed out that the Ottoman Government were ill-prepared to embark on a Specific Tariff, which formed part of the proposed new Treaty, but added "that it would probably be better to increase the present *ad valorem* duties than to embark on a Specific Tariff."

Of course Sir N. O'Conor did not mean to imply that His Majesty's Government would be more willing now than heretofore to agree to an increase in the *ad valorem* rate otherwise than upon conditions.

Since the question of what the conditions should be was discussed little has been done in the way of reform. On the contrary, British trade and shipping have had to make fresh complaints.

Safes, on importation at Constantinople and Smyrna, are broken into and rendered useless; tea has been detained at Tripoli; compensation has not been paid for confectionery in detention at the custom-house; quarantine has been imposed in excess even of the exaggerated requirements of the Board of Health; and Palace intrigue is doing its best to deprive British capital embarked in chrome ore undertakings of the fruits of its enterprise.

In the opinion of the Board of Trade (22nd September), the redress of the existing grievances is an indispensable preliminary to the resumption of Treaty negotiations.

If the most complete assurances be given that every condition will be loyally fulfilled, there is no guarantee against backslidings in future.

Lord Palmerston once observed that to enter into compromise with semi-civilized Powers was only regarded by them as a sign of weakness. Let us not throw away a powerful lever to regain our lost influence with the Sultan.

To us more than any other Power is due the continued existence of Turkish rule, and that fact confers on us the right to see to it that increased revenues, to be derived chiefly from British trade and from the Sultan's subjects, shall not be devoted to absurd projects like the Hedjaz Railway, to the financial schemes of our commercial rivals, or to the strengthening of the military resources of the Empire under the ægis of an ambitious and unscrupulous Power.

(Signed) A. LAW.

September 26, 1904.

No. 7.

The Marquess of Lansdowne to Sir N. O'Conor.

(No. 73 A. Commercial.)

Sir, *Foreign Office, September* 28, 1904.

THE Turkish Ambassador asked me to-day whether I was aware that a desire had been expressed by the Turkish Government for a new Treaty of Commerce with this country. His Excellency said that negotiations for the revision of the existing Treaties with Russia, Austria-Hungary, and Italy had been begun by the Turkish Government. They hoped that we would not insist, as a preliminary condition, that certain other questions "of a general order" should first be settled. I said that the matter had been mentioned to me, but that I was not at all convinced that the present moment was a favourable one for a reconsideration of the Turkish Tariff. I presumed it was intended to ask us to agree to an increase in the amount of the *ad valorem* duties to which British imports were at present subjected. We should, however, certainly expect, as a condition precedent to any discussion upon this subject, that various outstanding questions, the settlement of which we had in vain endeavoured to obtain, should first be dealt with to our satisfaction. His Excellency asked whether I referred to questions unconnected with the Tariff. I said that the questions which I had in my mind were directly or indirectly connected with British commercial interests. At his Excellency's request I agreed to supply him with a note explaining my meaning more fully.

I am, &c.
(Signed) LANSDOWNE.

No. 8.

The Marquess of Lansdowne to Musurus Pasha.

My dear Ambassador, *Foreign Office, October* 4, 1904.

I MENTIONED to your Excellency, in conversation on Wednesday last, that there were several grounds of complaint against the Ottoman Administration on the part of British commerce, and that if the Turkish Government were to suggest the resumption of negotiations for a new Treaty of Commerce we should certainly ask that these grievances should first be dealt with to our satisfaction.

I inclose, in fulfilment of my promise to you, a note in which some of these grounds of complaint are enumerated.

The list does not pretend to be by any means exhaustive; the cases are merely those to which my attention has been recently called.

I have, &c.
(Signed) LANSDOWNE.

Inclosure in No. 8.

List of Matters particularly referred to in the Private Letter to Musurus Pasha of the 4th October, 1904.

Stamp Law.—From a *note verbale* addressed on the 12th June to the foreign Representatives, it appeared that the Turkish Government intended to disregard the principle by which the consent of the Missions must be obtained before new legislation can be applied to foreign subjects in Turkey.

The promises of the Grand Vizier to Sir N. O'Conor to make certain modifications have not been fulfilled.

Customs Complaints, such as non-recognition of British Pharmacopœia, treatment of tinned goods and safes, detention of tea at Tripoli and confectionery at Constantinople on pretext of noxious ingredients.

Shipping Complaints.—Denial to British steam-ship Companies, such as the Khedivial Line, and those trading to the Persian Gulf, of privileges in regard to coaling facilities granted to foreign Companies.

Excessive and unnecessary *Quarantine* and other restrictions, including the repulse of a British vessel from a sanitary station.

Excessive Sanitary Dues.

New Mining Law and denial to British capital embarked in chrome ore undertakings of the fruits of their enterprise.

His Majesty's Embassy has several times addressed communications to the Sublime Porte in order to claim for British subjects the right of obtaining "permis de recherche" and Concessions for mines, and to protest against the promulgation of the new Mining Regulation which contains provisions contrary to the freedom of commerce guaranteed by Treaty to foreigners in Turkey, as also to the law which grants them the right to possess real estate in the Empire.

Titre III of the new Regulation presents all the objections foreseen.

Its natural effect is to deprive Turkey of the foreign capital which has in the past rendered such service to the provinces where mines actually being worked are situated, and the assistance of which is so essential to the development of the country.